people**strategy**

The Strategic Value of an Integrated HCM Platform

There are many sound reasons why HR departments implement point solutions. In most cases, it's because they want a best-of-breed solution with plenty of bells and whistles. However, as the organization grows, it reaches a point where the burden of managing disparate systems for tasks such as payroll, talent management, compliance and benefits administration begin to exceed their advantages.

This paper explores some of the reasons why organizations implemented and continue to rely on disparate solutions, what the limitations of those systems are and why an integrated Human Capital Management (HCM) platform delivers better business results.

The Origins of Disparate Systems

Internal growth brings with it the need to automate and streamline processes. Point solutions are often the answer. After hiring their first few employees, companies tend to look for an efficient system to manage payroll. Companies that recognize the benefits of automating payroll often then seek to achieve similar efficiencies by automating specific HR functions.

Typically, the first piece of functionality a company will add is core HR, which provides a single source for all employee data. Then, as the HR function matures over time, HR managers often begin to implement point solutions to handle benefits administration, performance/talent management, and talent acquisition/applicant tracking based upon specific needs.

Other companies may have assembled their disparate systems through alternate, less linear paths. For instance, a merger or acquisition often results in companies having a mix of systems. Divisions of companies spread across the country or the globe frequently settle on systems that meet their specific needs. And some companies intentionally choose a collection of standalone, best-in-breed solutions.

The Problems with Disparate Systems

Disparate systems, no matter how good they are at their narrow task, rarely deliver on the promise of being a valuable strategic tool thatfeeds enterprise-wide decision-making. The problem is isolation. Sound decision-making requires data from multiple systems and because point solutions don't share data seamlessly, their value is constrained.

HR leaders have the opportunity to guide the evolution of their department toward an integrated solution that reduces reliance on in-house product experts, improves enterprise data integrity, facilitates access to real-time data, and supports strategic decision-making.

Reliance on Experts

An environment of disparate systems tends to cause a risky over-reliance on the "in-house expert." They are the only ones who understand the user interface and workflow process of the systems they control. When manual integration of data is necessary, vendors provide limited support. It's the in-house expert who is called on to figure it out.

Losing, or turning over, one or more of those experts means losing their knowledge and experience. The cost of finding and training a replacement is only part of the problem. How does the company move forward during the time it takes to regain the knowledge lost? This reliance on in-house experts to manage disparate systems is only exacerbated every time a point solution is updated or another one added.

Data Integrity Challenges

Opportunities for error and workflow inefficiencies exist in every manual interaction with each disparate system. At the data entry stage, the same information often has to be manually entered into several systems. Updates in one system must be manually duplicated in other systems. Transferring data between systems through importing and exporting adds another opportunity for human error.

Mistakes at any point cause cascades of errors that are difficult to identify and correct. The more effort it takes to manage data manually, the greater the risk for error. It all adds up to poor enterprise data integrity.

Then there's the time factor. Creating reports in this environment is time consuming because of the manual effort involved with assembling data extracted from each system into a meaningful report. By the time a report is completed, it may no longer accurately reflect the current state of the enterprise.

This lack of access to accurate data is more than a barrier to strategic decision-making. It also raises serious compliance concerns. With significant liability attached to compliance in an ever-changing and increasingly complex regulatory environment (think Affordable Care Act), companies can't afford to report inaccurate data. Penalties for violations can be catastrophic.

Lack of Real-Time Data

When systems can't seamlessly share data across the enterprise, there is no single source of truth. No one report can capture the breadth and depth of information to give the organization's leadership the information they need to make strategic decisions.

That's because it takes time to compile information manually into a single reporting system from disparate systems. Handling data and reporting in this way is also inefficient. The organization loses valuable work hours when staff must focus on sourcing the data, exporting it, importing it, reconciling it and creating reports.

And once the executive team has access to data, they want to be able to drill down into the data and ask smart questions. That's where the strategic decisions are made. Was the increase in overtime in a particular region related to the latest product rollout? How effective is the benefits enrollment process? It may take weeks for the HR staff to return to the data and create new reports that can answer these types of analytical questions.

Vendor Management Burdens

Having disparate systems also means wasting time and resources dealing with multiple vendors when it comes to sales, contracting, invoicing or service issues. With demands on HR departments to do more with less, vendor management burdens distract staff from their core functions.

Struggle for HR to Earn a Seat at the Executive Table

HR needs quick, easy access to data to generate information that executives need, but disparate systems hinder that objective. When HR managers aren't able to respond with reports that are timely, accurate and support deep analysis, senior management loses confidence in the HR function.

Forward-thinking companies understand that empowering the HR function with an integrated HCM platform enables better decision-making across the enterprise.

Being able to generate and present relevant and timely reports can elevate the strategic position of HR and earn them a seat at the executive table.

Overcoming Concerns About a Single Platform

Even when the drawbacks of relying on disparate systems are clear, some companies are still hesitant to implement an integrated solution because of worries over the cost and complexity of adopting a new system.

While these concerns are valid, it is important for companies to realize that moving to an integrated solution actually requires a relatively small systems change. As such, those concerns are easily manageable and shouldn't stand in the way of making the type of investment that helps the organization achieve its goals. By moving from a collection of disparate systems to a single, integrated platform, the HR department will be better equipped to meet the business needs of the organization.

Switching Cost

Moving to an integrated system requires an investment in time. It takes time to transfer data from multiple disparate systems to an integrated system, time to document new processes, and time for staff to learn the new system.

Though temporarily disruptive, these investments outweigh the costs of not migrating to an integrated system. Investing in an integrated platform eliminates the ongoing costs of managing multiple point solutions and creates efficiencies that support a measurable ROI.

Migration Complexity

Some managers are hesitant to switch to an integrated system because they believe the complexity of the migration process will distract staff from their core functions. In fact, this is an opportunity for managers to lead their department forward. Once the transition is complete, the entire enterprise will have access to the data it needs to make better decisions.

"But I Love My Payroll System"

Many companies are reluctant to switch to an integrated HCM platform because they are happy with their payroll system and don't want to give it up. Their loyalty is misplaced. No matter how wonderful they think their payroll system is, the strategic value of its functionality is minimized if it can't share data in real-time with other HR applications.

It's time to move beyond unfounded concerns and break through the organizational inertia. By not adopting an integrated HCM platform, companies are limiting their ability to manage their most important investment – their human assets.

Your Best Strategy: An Integrated HCM Platform

The best way to achieve your overarching goal of improving the efficiency and productivity of your workforce while empowering strategic HR decision-making is to transition to an integrated HCM platform.

PeopleStrategy eHCM is an enterprise-class human capital management suite. It features a tightly integrated set of capabilities that enables you to automate and streamline a wide range of administrative processes essential to managing your workforce.

Handle payroll. Recruit and retain top talent. Administer employee benefits. Ensure company compliance in a rapidly changing and expanding regulatory environment. All of these functions and more are available 24/7 through an easy-to-use dashboard allowing you to leverage data and analytics to make the decisions necessary to achieve your company's business objectives.

Designed with your entire organization in mind, PeopleStrategy eHCM is a true SaaS solution that is highly configurable to your organization's needs. Its power and flexibility ensures a smooth transition whether you are automating for the first time or breaking free of the limits of disparate systems.